



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL & GAS DOCKET NO. 01-0279074

THE APPLICATION OF CHESAPEAKE MIDSTREAM DEVELOPMENT, LP TO CONSTRUCT AND OPERATE A HYDROGEN SULFIDE GAS PIPELINE, PEACOCK INTERCONNECT PIPELINE, FOX CREEK GGS AREA, MCMULLEN COUNTY, TEXAS

APPLICATION REVIEWED BY: Andres J. Trevino, P.E.

DATE APPLICATION FILED: November 1, 2012

DATE REVIEWED: December 17, 2012

EXAMINER'S REPORT AND RECOMMENDATION STATEMENT OF THE CASE

This is the unprotested application of Chesapeake Midstream Development LP for Commission authority to construct and operate a hydrogen sulfide (H₂S) gas pipeline in McMullen County, pursuant to Statewide Rules 106, 70 and 36.

The Commission's Field Operations section has reviewed the application and has determined that the application complies with the applicable provisions of Rule 36. In addition, the Commission's Safety Division and Gas Services Division have reviewed the application. The examiner recommends approval of the application.

DISCUSSION OF THE EVIDENCE

Chesapeake Midstream Development LP proposes construction of a gas gathering pipeline to transport produced gas to the JJ Henry lateral and the Wheeler Sour Gas Trunkline, with final delivery to the Regency Sour Gas Transmission line in the Fox Creek Area. The line will be 12 inches in diameter and approximately 3.3 miles long. The line will carry a maximum 18 MMCFD of gas containing up to 20,000 parts per million (ppm) of H₂S. The maximum operating pressure will be 720 psig.

The 100 ppm ROE is 4,282 feet and the 500 ppm ROE is 1,957 feet. The 500 ppm ROE and 100 ppm ROE includes portions of a private ranch road. There are no public roads in the area. There is a barn, a deer camp and 12 deer blinds within the 100 & 500 ppm ROE. The submitted contingency plan for the gathering line complies with the provisions of Rule 36(c)(9).

All materials will satisfy the requirements described in the latest editions of NACE

Standard MR-0175-2003. The gathering line is constructed of API-5L X-52 FBE grade steel pipe. The line will be equipped with cathodic protection to prevent external corrosion. The line will be chemically treated as needed for internal corrosion and monitored with corrosion coupons.

H₂S warning signs compliant with Rule 36(c)(6)(A) and (c)(6)(B) will be posted at all road crossings as well as intervals along the pipeline frequent enough as to provide warning to avoid accidental rupture of the line by excavation. The signs will indicate poison gas, company name and emergency phone numbers.

The proposed line will comply with Statewide Rule 36(c)(8). Chesapeake Midstream Development LP will use safety controls and automatic devices. This will also trigger closure of the block valves. Low and high pressure shutdown valves will to prevent the over pressuring of the pipeline and reduce escaping gases. Monitors will trigger audible, visual and dial- out alarms if an H₂S concentration of 10 ppm to 50 ppm is detected. The pipeline pressure will be monitored 24/7 by a SCADA gas detection system.

Chesapeake Midstream Development LP published notice of the application in a newspaper of general circulation in McMullen County. The notice was published in *The Progress* on October 10, 2012. The application was filed with the McMullen County Clerk on October 10, 2012.

FINDINGS OF FACT

1. On November 1, 2012, Chesapeake Midstream Development LP filed an application for a permit to construct a hydrogen sulfide gas gathering pipeline in McMullen County.
2. Chesapeake Midstream Development LP published notice of the application in a newspaper of general circulation in McMullen County. The notice was published in *The Progress* on October 10, 2012. The application was filed with the McMullen County Clerk on October 10, 2012.
3. Chesapeake Midstream Development LP proposes construction of a gas gathering pipeline to transport produced gas to the JJ Henry lateral and the Wheeler Sour Gas Trunkline, with final delivery to the Regency Sour Gas Transmission line in the Fox Creek Area.
 - a. The line will be 12 inches in diameter and approximately 3.3 miles long.
 - b. The line will carry a maximum 18 MMCFD of gas containing up to 20,000 parts per million (ppm) of H₂S.
 - c. The maximum operating pressure will be 720 psig.

- d. The 100 ppm ROE is 4,282 feet and the 500 ppm ROE is 1,957 feet.
 - e. There are no public roads within the 100 & 500 ppm ROE, only one private ranch road.
 - f. The proposed pipeline will be in a rural area, however there are 14 public receptors along the route within the 100 & 500 ppm ROE. These include a barn, a deer camp and 12 deer blinds .
- 4. Pipeline materials and construction meet the NACE and API standards as required by Statewide Rule 36 for hydrogen sulfide service.
 - 5. The submitted contingency plan for the line is in accordance and complies with the provisions of Rule 36(c)(9).
 - 6. The pipeline will be constructed subject to Commission inspections for compliance with the appropriate Commission Rules pursuant to Statewide Rule 36(c)(6)(7)(8) and (13).
 - 7. The Commission's Field Operations Section recommends approval. The Commission's Pipeline Safety Division and Gas Services Division have reviewed the application.

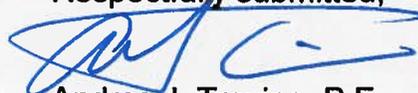
CONCLUSIONS OF LAW

- 1. Proper notice was timely given to all parties entitled to notice pursuant to applicable statutes and rules.
- 2. All things have occurred and have been accomplished to give the Commission jurisdiction in this case.
- 3. The application complies with Statewide Rules 36, 70 and 106.
- 4. Approving the application for a permit to construct and operate the proposed gas pipeline is consistent with the rules and safety standards adopted by the Commission.

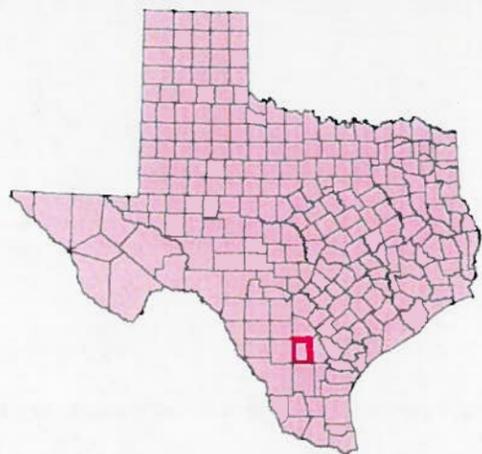
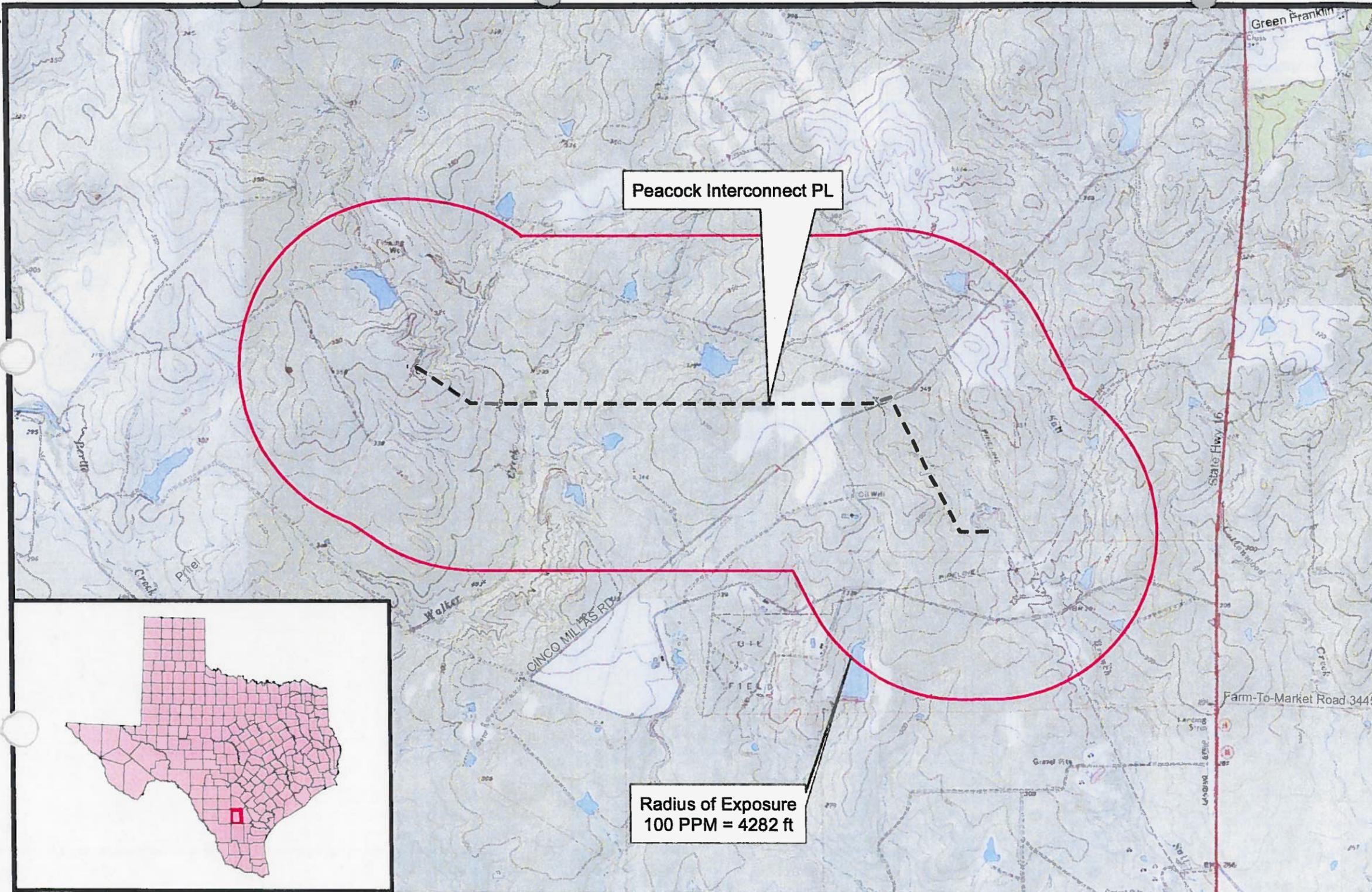
EXAMINER'S RECOMMENDATION

The examiner recommends that the application of Chesapeake Midstream Development LP for Commission authority pursuant to Statewide Rules 106, 70 and 36, to construct and operate the proposed hydrogen sulfide gas pipeline in McMullen County, be approved.

Respectfully submitted,



Andres J. Trevino, P.E.
Technical Examiner



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RECEIVED
RRC OF TEXAS

NOV 01 2012

OIL & GAS/FIELD OPERATIONS
AUSTIN, TX

FOX CREEK GGS
Peacock Interconnect PL
TOPOGRAPHIC MAP

POSTED AT 10:45 O'CLOCK A.M.
THIS 10th DAY OF Oct 20 12
BY *Worawee / Jm*

Legend

- - Peacock Interconnect PL
- 100 PPM Radius of Exposure